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as harbor, the Netherlands

Soviet Feed-Livestock Gap
Netherlands Farm Imports

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In this issue:

This week's cover:

Maas harbor and grain elevator at port of Rotterdam, the Netherlands. The remarkable rise in Dutch imports of U.S. farm commodities in 1973 reflects a number of interrelated pressures at work in the international market and the Dutch economy. See article beginning on page 7.

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Soviet Feed-Livestock Gap Is Key to Future Import Needs

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The Soviet Union's emphasis on producing more livestock—aimed at providing more meat in Russian diets—is widening the gap between their output and need for animal feeds, especially grains. Some methods the USSR may use to remedy the feed-livestock gap—including the likelihood of increased grain imports—are examined here.

AN AMBITIOUS PROGRAM to dramatically increase production and consumption of livestock products in the Soviet Union was first announced by General Secretary Brezhnev in the Directives of the Ninth 5-Year Plan (1971-75) in July 1970. This plan embodies goals to increase the output of major animal products—meat, milk, eggs, and wool—by 20 to 30 percent by 1975. If achieved, these targets would permit increases of 11 to 23 percent in per capita consumption of these commodities.

These targets however, should be viewed as only near-term or intermediate goals. Soviet nutritionists have developed "scientific consumption norms" that would raise per capita consumption of meat by 75 percent; milk, 40 percent; and eggs, 85 percent above 1970 levels. Even at this level, per capita meat consumption in the USSR would be less than three-fourths of the current U.S. level.

Further, no date for realization of these consumption goals has been announced. But Soviet planners are now formulating an indicative plan for the period 1976-1990. The "scientific consumption norms" may be incorporated in the plan for 1990.

Why is the Soviet Union undertaking this program to increase the intake of animal protein in the diet of the average Soviet citizen, whose average caloric intake is more than adequate? Basically, Soviet leaders are attempting to meet their citizens' normal expectations to live better as their incomes rise. In most societies, this means eating better. The Russians are no exception.

Worker incomes remain low in the USSR. Last year, the average wage for nonfarm employees was the equivalent of $174 a month (1 ruble=US$1.29 at the official Soviet exchange rate). But consumer income has been increasing at an average annual rate of more than 5 percent. The cost of many basic necessities—housing, education, and health care—is comparatively low in the USSR. At the same time, the supply of consumer goods is inadequate, their quality low, and price high.

Under these circumstances, a disproportionate share of consumer income is spent for food, about 40 percent in the USSR, compared with 16 per cent in the United States. As a result, the correlation between increased income and expenditures on an improved diet—more meat, fruit, and vegetables, and less bread and potatoes—is much higher in the USSR than in the United States.

In view of poor Soviet performance in implementing previous livestock programs, a skeptical view of the current program is in order. Khrushchev's plans included overtaking the United States in per capita production of meat by 1960 or 1961. Today, 15 years later, Soviet production stands at less than half that of the United States.

BUT PRESENT KREMLIN LEADERS seem to be more firmly committed to the current livestock program than were earlier regimes. The best indicator is the massive grain purchases of almost 30 million tons that followed the near-disastrous grain crop of 1972. These unprecedented imports cost the USSR approximately half a year's hard currency earnings.

A decade earlier, in the wake of the most severe shortfall in the grain crop since World War II, swine herds were decimated. Hog numbers plummeted

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from 70 million on January 1, 1963, to 41 million a year later—despite 10 million tons of wheat imports. The 1963 level of 70 million head was not regained until 1972.

In 1972-73, the huge grain imports—coupled with stringent feed conservancy measures—held the decline to only 5 million head. Most of the loss was recouped by January 1, 1974.

In addition to grain imports and the maintenance of livestock herds, other indicators attest to a commitment to the livestock program. One is the plan to expand large-scale specialized production of animal products during 1971-75. During this period, 635 specialized dairy enterprises, 307 cattle feedlots, 228 hogfeeding operations, and 585 egg and broiler units are to be commissioned. These farms enjoy a high priority in the allocation of equipment, more productive breeds of livestock and poultry, and balanced rations. As a result, their feed conversion efficiency is significantly better than on the usual diversified State and collective farms.

Another significant development is the plan to increase the output of commercially mixed feeds by 50 percent during 1971-75. Less than one-quarter of all concentrates were fed in the form of mixed feeds in 1970.

Finally, creation of a new Ministry last fall is indicative of Soviet intentions. The new "Ministry of Machinery Building for Feed Crops and Animal Husbandry" will concentrate production of equipment for feed and livestock producers under one roof. Formerly, this function was scattered among half-a-dozen Ministries. These measures add up to a substantial package that strongly suggests a real commitment to the livestock program.

In the most basic sense, the key to achievement of Soviet livestock goals is grain. Soviet leaders have been preoccupied with the "grain problem" for half a century. Despite last year's bumper crop, grain is still a major concern. Feed production—especially of grain—in the USSR has never been sufficiently large nor stable enough to support the sustained growth of a viable livestock industry at planned levels in spite of substantial growth in grain production, livestock numbers, and animal product output in recent years. Even so, it is difficult to maintain a programmed growth rate in the face of swings in the grain crop of 25-50 million tons in 5

Red Steppe breed cows in the Moldavian USSR.

of the last 10 years.

This extreme crop variability results from climatic and geographic factors, compounded by the traditional policy of favoring industrial development at the expense of agriculture. Only 1 percent of arable land in the USSR is located in areas with an annual rainfall of 28 inches or more; the comparable figure in the United States is 60 percent. Similarly, 60 percent of arable land lies in areas having an average temperature of less than 40° F.; in the United States, it is only 10 percent.

THE COMBINATION of scarce precipitation and short growing season results in low and erratic yields. Average grain yields in the USSR are less than half those in the United States. Last year, the highest average yield on record in the Soviet Union was only 42 percent of the U.S. average.

Nonetheless, the substantial, although erratic, growth of grain production in recent years is likely to continue in the years ahead. A recent USDA study projects an increase in the grain crop of almost 90 million tons or just short of 50 percent during the 15-year period, 1971–85.[1]

This projection is based on the historical yield trend modified by the increase in the grain area in 1973, and more importantly, by increased use of fertilizer on grains. Plans call for 32 million tons (gross weight) to be applied to grain fields in 1975, compared with only 15 million tons in 1970. In response to the poor crop in 1972, the use of fertilizer on grain jumped 25 percent in 1973 alone.

Despite the projected increase in the production of grain and other feed concentrates, a growing deficit of feed concentrates is in prospect—if the Soviet Union is to fulfill its goal of increasing the consumption of animal products substantially.

If, for example, the Soviet Union were to attempt to meet its nutritional norms for per capita consumption of livestock products by 1985, the indicated gap between concentrate requirements and their availability from domestic production is equivalent to 40 million tons of corn.

The deepening shortage of feed concentrates leaves the Soviets with several alternatives that they may pursue singly or in combination: To increase feed production; to improve the efficiency of feed utilization; to restrict livestock product output; or to import the required feedstuffs—primarily grain.

Increased feed production. Prospects for increasing feed production above the projected level are not good—especially for concentrates. Any substantial increase in the output of nongrain concentrates—primarily oilcake and meal, pulses, and dehydrated alfalfa—would impinge on grains. As grains produce substantially more energy per acre than do alternative crops, it is unlikely that the Soviets would divert inputs to the production of nongrain concentrates.

Other alternatives offer more potential, but they are both capital intensive and long term. The Soviet Union has a vast area of pastures and meadows—al-

[1] **Prospects for Agricultural Trade with the USSR. ERS-For. 356. Apr. 1974.**

most 1 billion acres—but they are relatively unproductive. Yields from pastures and hay lands are only one-third to one-half those in the United States. Better range management and pasture improvement programs could increase their productivity dramatically, but not without commitment of tremendous resources over a considerable period of time.

Irrigation, both of field crops and pastures, is another possibility. One-third of the planned increase in grain production during 1971-75 was to have originated on irrigated or drained land. Thus, the Soviets are moving in this direction, but the emphasis is on more valuable crops—fruit, vegetables, and cotton. The outlook for increased output of feed crops from these sources is not promising—at least within the next decade.

Feed utilization. Increased feed utilization efficiency offers significant potential. Livestock in the Soviet Union are inefficient converters of feed into food, whether measured in terms of output per unit of feed input, output per animal unit, or output per female breeding animal. For example, the production of a pound of beef in the USSR requires 20 percent more feed than in the United States; for pork the figure is 50 percent; for poultry meat the quantity is two and a half times more. Livestock product output per animal unit in the USSR is only one-half to two-thirds that in the United States. Similarly, with almost identical hog inventories at the beginning of 1971, American farmers fed out more than 100 million hogs in 1971, compared with only 55 million in the USSR.

Much of this inefficiency is related directly to the low level of total feed intake. Feed consumption per animal unit in the USSR is only three-fourths that in the United States. While this limitation can only be alleviated by increasing the availability of feed, much could be done to improve the efficiency of animals through better breeding, management, and nutrition. Efforts are underway in these directions, but results are slow.

Considering the last point—nutrition—there has been virtually no change in the amount of feed consumed per animal unit in the USSR during the past 20 years. Since 1965, however, total feed consumption has increased about 25 percent, while the amount of grain fed has increased by more than 75 percent. During the same period, the use of high-protein feeds—oilseed meal, fish meal, and tankage—increased less than 20 percent. As a result, the proportion of grain fed in unbalanced rations increased.

Soviet rations continue to be short of protein. The deficit in 1973 was the equivalent of 10 million tons of soybeans. Some Soviet nutritionists claim that the output of livestock products could be increased by one-third without increasing the energy intake, if adequate protein were available in the ration.

Restriction of animal product output. If, as seems likely, the feed deficit cannot be covered by increased production of feedstuffs, nor through more efficient utilization of feed supplies, Soviet leaders have one final alternative in the domestic sphere—to abandon, or at least modify, the goals of the livestock program. Output goals for all major livestock commodities—except eggs—were reduced in 1973 and again in 1974. The livestock program is now 1 year behind the targets planned in the original 5-Year Plan Directives. Further reduction of livestock product output would be unpopular with Soviet citizens, to say the least.

The Soviet Government appears likely to attempt to follow all of these general directions to alleviate the feed shortage. It is equally probable that these measures will have no major impact on closing the feed gap. A final alternative, which offers an obvious solution to the feed gap problem, is the importation of feedgrains and protein concentrates—corn and soybeans.

Imported feedstuffs. The level of future grain imports will not be determined by the size of the feed deficit alone. The feed gap is only indicative of a "need," and should be viewed as an

Soviet Farm Experts See U.S. Poultry And Livestock

A FOUR-MAN TEAM of Soviet agricultural experts recently visited a number of U.S. farms and agribusiness complexes in a multi-State swing to North Carolina, Georgia, Missouri, Texas, and Connecticut.

The visit—May 19-23—was made under the Agricultural Agreement between the Soviet Union and the United States. This is one of 10 Russian teams scheduled to visit this country in 1974. About 10 American teams will visit the Soviet Union this year.

The Soviet team was headed by G. P. Rudenko of the Agricultural Section of the USSR State Planning Committee, and included A. A. Kosynkin of the Economic Administration of the USSR Ministry of Agriculture; A. S. Negru-Vode of the Lenin All-Union Academy of Agricultural Sciences; and V. L. Nazarenko of the Scientific Research Institute of Agricultural Economics.

The team visited Holly Farms, poultry raisers in North Carolina; Goldkist Farms, a poultry installation in Georgia; a dairy farm and Ralston-Purina Laboratories in Missouri; feedlots in Texas; and Arbor Acres, a primary poultry breeder in Connecticut.

upper limit. Barring a near-disastrous crop failure, a repetition of the massive grain purchases of 1972-73 within the near future is unlikely. A lower limit of probable future grain imports is indicated by the likelihood that the Soviet Union's livestock goals cannot be approached, let alone met within the planned time frame, without appreciable grain imports.

The actual volume of future grain imports will be influenced by other factors. Chief among these are: Policies of the Soviet Union and of its trading partners—both in domestic and foreign fields; the world supply, demand, and price situation for feedgrains; and the hard currency problem.

Since World War II, the Soviet Union's foreign trade has been conducted overwhelmingly with other Communist countries and with developing countries. Trade with these areas accounted for approximately 65 and 15 percent respectively of total Soviet foreign trade in 1971. This trade is conducted on the basis of bilateral agreements that do not involve the use of convertible or "hard" currency. The Soviet Union has generally had a favorable balance of trade with these countries, which has resulted in the accumulation of surpluses on the nonconvertible bilateral accounts.

But in recent years, the growth area in Soviet foreign trade has been with the West, conducted on the basis of hard currency. This expansion originated in the pressing Soviet need for Western technology and equipment to upgrade the performance of the domestic economy. The Soviet Union has experienced a deficit in this trade in 12 of the last 14 years, and the deficit is growing.

In 1971, the value of Soviet exports exceeded the value of imports by the equivalent of approximately $1.3 billion—all in the nonconvertible bilateral accounts. Trade with the West resulted in a hard currency deficit of approximately $300 million that year. This deficit rocketed to $1.4 billion in 1972, due in part to the grain purchases, but largely to continuing imports of industrial equipment. With payments for most of the grain falling due in 1973, and with a large increase in purchases of plant and equipment from the West, the hard currency deficit may well have approached $2 billion in 1973.

This deficit cannot continue to mount at the rates experienced in the past 2 years. Neither Soviet gold sales nor credits from the West can be expected to cover the costs of the growing imports of Western technology and of grain imports—at least of the magnitude required for fulfillment of the livestock program.

Above, from left, V. I. Nazarenko, G. P. Rudenko, and R. R. Kosynkin discuss dairy problems with Nelson Maddux, extension dairy specialist, University of Texas, at a Texas feedlot. Above right, two members of the Russian team discuss dairy techniques with Joe Champ, owner of Champ Goodland Farm near St. Louis, Mo. Right, a truck spreading feed in troughs at Prather Cattle Company's 1,000-head feedlot at Abernathy, Tex., one of the trip's highlights. The Soviet team had previously attended the scond meeting of the U.S.-USSR Joint Working Group on Agricultural Economic Research and Information, May 13-17.

New Record for West German Imports of U.S. Farm Products

WEST GERMAN imports of U.S. farm products last year breezed through the billion-dollar mark to set an alltime high of $1.5 billion.

The trade expansion—a rousing $640 million or 77 percent from the 1972 level—followed a moderate upward trend from $449 million in 1960 to $833 million in 1972 and made West Germany the United States first billion-dollar farm market in Western Europe. It also widened the U.S. share of that market from 9.7 percent to 12.7 percent. German agricultural imports from all countries were up 36 percent.

In addition, farm products' share of total West German imports from the United States advanced from one-fourth to one-third.

Sharp price increases accounted for much of the spectacular trade growth, although quantities also were generally larger. Import volume of U.S. oilseeds and their products, for instance, rose 8 percent, despite a 60 percent jump in prices. In keeping with this unusual situation, monthly imports fluctuated erratically as never before; for instance, a mere 39,000 metric tons of U.S. soybeans imported in September ballooned to a 398,000-ton volume imported in December 1973.

Unit value of grains was up 65 percent, wheat 48 percent, corn 71 percent, and barley 82 percent. In fact, increases were so great that by August world wheat prices had surpassed the normally higher European Community (EC) threshold prices, followed later by similar increases in the major feedgrains. By the end of the year, prices had risen so drastically that the EC imposed a system of export levies with the aim of isolating EC grain from steadily growing world demand.

Imports from the United States consisted mainly of raw materials. The three big groups—oilseeds and products ($634 million), grains ($452 million) and tobacco ($112 million)—accounted for 81 percent of the total value. Other items included cattle hides, pelts, hair, and wool ($46 million); cotton ($36 million); corn gluten feed and similar products ($28 million); and inedible tallow and grease ($22 million).

Reflecting burgeoning needs of the country's livestock industry, feed ingredients topped the list of individual imports, with soybeans including meal first at $570 million and corn second at $272 million.

In addition to huge increases in soybeans, corn, and wheat, sizable gains also occurred in imports of U.S. fruits and vegetables, meat, and poultry—areas in which the United States in the recent past has encountered difficulties because of restrictive German laws and other problems. Such problems remain, however, and since December 1973 more restrictive application of German veterinary regulations has stopped all shipments of U.S. steaks, beef tongues, pork livers, kidneys, salami, edible lard, oxtails, and meat snack items such as toasted pork rinds.

Partly because of the changing German requirements, fruit and vegetable imports from the United States have undergone great changes in kind of product in recent years, while total value of purchases has risen moderately from $30 million in 1960 to $58 million in 1973. Last year, major commodities in this group were canned peaches, orange juices, and related products ($23 million); almonds, citrus fruit, and related products ($21 million); and walnuts and various fresh and dried deciduous fruit ($12 million).

U.S. share of the markets for individual commodities varied widely, from a mere 2.3 percent of the fruit and vegetable market to 43 percent of tobacco imports.

—Based on a report from *Office of U.S. Agricultural Attaché, Bonn*

WEST GERMAN AGRICULTURAL IMPORTS FROM THE UNITED STATES
[Millions of dollars]

Commodity	1960	1968	1969	1970	1971	1972	1973
Oilseeds	70.8	163.7	147.4	220.9	252.0	276.8	451.6
Soybeans	70.1	147.6	133.9	216.8	234.0	256.5	421.3
Oilseed meal	5.5	59.5	81.7	82.6	106.9	110.7	172.9
Soybean meal	3.5	49.2	69.8	74.5	93.5	93.2	148.1
Vegetable oils, edible	27.2	0	8.5	8.8	14.2	10.7	11.2
Total oilseeds, products	103.5	222.6	237.6	312.3	373.1	398.2	635.7
Corn	30.9	90.2	65.8	114.1	139.0	106.9	272.2
Barley	24.9	1.8	.1	6.0	13.5	5.2	32.8
Sorghum	3.3	4.0	.4	.8	3.4	.9	6.2
Oats	11.8	0	0	3.5	2.4	0	32.4
Total feedgrains	70.9	96.0	66.3	124.4	158.3	113.0	343.6
Wheat	13.2	36.2	19.4	53.7	17.5	37.6	90.3
Rye	.5	0	0	0	0	0	.5
Total breadgrains	13.7	36.2	19.4	53.7	17.5	37.6	90.8
Rice	4.6	13.6	12.1	10.2	9.3	7.5	17.3
Total grains, rice	89.2	145.8	97.8	188.3	185.1	158.1	451.7
Tobacco, raw	48.4	77.2	102.7	64.5	105.3	102.6	112.3
Fruit, vegetables	30.0	18.4	25.1	43.7	37.0	50.4	58.4
Cotton	84.0	12.4	6.0	6.9	14.8	15.6	35.9
Misc. feeds	.1	6.5	6.4	6.1	10.5	13.5	28.2
Liquor	1.2	1.6	2.1	4.1	8.3	9.6	10.9
Misc. vegetable foods	1.7	1.3	2.2	2.6	3.3	3.8	4.9
Hops	.8	1.1	1.3	1.2	2.0	3.9	.4
Seeds	.9	3.4	3.5	2.3	3.3	3.1	2.9
Pulses	3.1	3.4	3.9	4.2	2.3	3.3	6.2
Meats, poultry	32.2	14.6	14.6	17.2	11.2	13.3	29.3
Tallow, inedi. oil	16.6	8.9	5.0	6.8	8.6	8.3	21.5
Wool, hair	1.8	1.0	1.2	.9	4.9	6.5	7.6
Hides, raw	10.2	8.0	10.3	7.5	5.3	8.5	11.1
Pelts, raw	8.0	14.5	17.9	14.5	14.3	18.6	27.5
Fish	.2	1.0	1.6	2.2	3.1	4.6	5.2
Other	17.2	5.5	7.9	10.6	8.9	10.8	24.5
Total	449.7	547.2	547.1	695.9	801.3	832.7	1,474.0

Compiled from official West German statistics.

U.S. Farm Exports to Netherlands Reached Alltime High in 1973

By CLINE J. WARREN
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The Hague

AGRICULTURAL EXPORTS from the United States to the Netherlands in 1973 valued at $1.244 billion, including transshipments, showed an amazing gain of 77 percent over those for the previous year and were only 3 percent less than the combined total for the preceding 2 years.

In fiscal 1973 farm products made up 42 percent of all U.S. exports to the Netherlands, and this percentage is believed even higher for the calendar year. Preliminary data suggest that the Netherlands provided the fifth largest market for U.S. farm exports in 1973—surpassed only by Japan, Canada, West Germany, and the USSR.

This remarkable rise in Dutch imports of U.S. farm commodities reflects a number of interrelated pressures at work in the international market and in the Dutch economy, one of which was inflation—both at home and abroad—which simultaneously boosted consumer and corporate incomes and prices for agricultural imports.

Another important contributing factor was the increasingly favorable dollar-guilder exchange rate. The 5 percent revaluation of the guilder that occurred on September 17, 1973, along with previous exchange rate adjustments, increased the value of the guilder relative to the dollar as much as 42 percent over that prevailing 2 years earlier. During the first three quarters of 1973 alone, the guilder rose almost 30 percent in relative value.

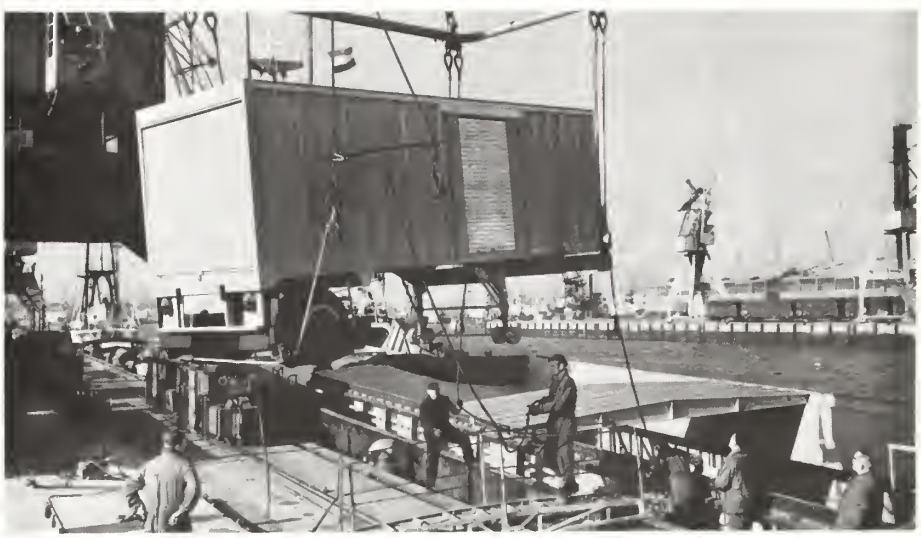
Then came the energy problem which tended to reverse the growing value trend of the guilder relative to the dollar for the remainder of the year. Nevertheless, Dutch importers paid much less for U.S. farm commodities in 1973 than they would have 2 years ago, the dollar price being equal.

The reported 5 percent real increase in the Netherlands' GNP was also a significant factor in greater imports of U.S. commodities. Moreover, it is thought that an increase of equal magnitude occurred in real disposable personal income. Rising personal incomes in the Netherlands have created a growing demand for citrus and other fresh fruits and vegetables, pushing U.S. sales of these items up 20 percent in 1973, despite the restrictive effect of the European Community (EC) Common Agricultural Policy (CAP), competition from the Mediterranean basin, and technical problems of shipping perishable products across the Atlantic at a reasonable cost.

Of far greater importance, in terms of value, however, was the substantial expansion for raw bulk farm commodities—particularly feedgrains, soybeans, tallow, vegetable oils, tobacco, and cotton. Most of these imports are converted to finished products in the Dutch livestock industry, and these products are then exported to third-country markets.

Dutch exports of farm commodities in 1973 reached a record high of $5.5 billion—12 percent above those for the previous year. Livestock products, produced mostly from imported feed supplies, usually make up two-thirds of the total Dutch agricultural exports. Therefore, larger Dutch sales of livestock products created a stronger demand for U.S. feedgrains, feedgrain derivatives, soybeans, and soybean meal.

Volume of feedgrains imported from the United States by the Dutch in 1973 advanced sharply and reached a record high of 3.1 million metric tons with corn accounting for 94 percent of this



Unloading trailer from containerized ship at port of Rotterdam, above. Aerial view of grain elevator, left, Lucht Harbor, Rotterdam. The sizable increase in U.S. farm exports to the Netherlands in 1973 was largely due to substantial expansion in sales of raw bulk farm commodities.

total. This was a reversal of the downward trend that had prevailed since the mid-1960's and compares with 1.2 million tons imported the preceding year. When transshipments are taken into consideration, the total volume of U.S. feedgrains handled by the Dutch reached a high of 4.9 million metric tons, some 1.7 times the volume handled the previous year.

As a result of these larger sales, the U.S. share of the Dutch market for corn regained the level it enjoyed 8 years earlier. At that time U.S. supplies made up 84 percent of total Dutch corn imports, but declined to 64 percent by 1972. During the same period, the enlarged EC's share increased from 12 to 34 percent of the total. Similar trends exist for other grains and wheat flour.

Grains became a better buy relative to nongrain feed ingredients in most of 1973 which also encouraged greater use of grains in feed rations. Prices for major nongrain feed ingredients increased 15-25 percent during the last quarter of 1973, while corn prices during the same period advanced only 5-8 percent, creating greater use of corn in feed rations. Demand for corn also was stimulated by the EC Commission reduction in the denaturing premium for soft wheat near the close of the year.

While grains have regained some of the ground lost in recent years to nongrain feeds such as beet pulp, corn byproducts, bran, citrus pulp, and manioc in livestock rations, the portion of grain used still remains considerably below the level that prevailed during the mid-1960's. Nevertheless, the outlook for U.S. feedgrains sales to the Dutch market in 1974 appears moderately good.

HIGHER PRICES pushed the value of U.S. soybean exports to $456.6 million, a gain of 76 percent over that of 1972, the largest percentage gain in U.S. farm sales to the Netherlands. Soybeans made up 37 percent of the total value of all U.S. farm exports to the Netherlands; and when soybean meal is considered, its share increases to 42 percent.

According to the Netherlands Central Bureau of Statistics, the volume of U.S. soybean imports amounted to about 1 million tons—30 percent below the level of soybean imports for 1972. The Dutch crushing industry operated at less than full capacity during much of the year due to high bean prices and lower supply margins. *Continued on next page*

SOYBEAN AND SOYBEAN MEAL EXPORTS TO THE NETHERLANDS, 1963-73

Year	Percentage of total U.S. farm exports to the Netherlands	Percentage of U.S. nonvariable levy farm exports to the Netherlands
1963	16.8	33.3
1964	19.5	38.0
1965	21.5	41.0
1966	26.7	49.0
1967	29.6	53.5
1968	32.7	52.5
1969	38.7	53.9
1970	39.3	59.6
1971	43.8	63.5
1972	42.8	61.4
1973	36.7	55.2

DUTCH IMPORTS AND TRANSSHIPMENTS OF SELECTED U.S. FARM COMMODITIES, 1965-73
[In 1,000 metric tons]

Commodity and year	Imports	Transshipments	Total handled from U.S.
Wheat:			
1965-69 [1]	340.7	717.3	1,058.0
1970	519.6	639.7	1,159.3
1971	516.8	432.0	948.8
1972	587.0	559.8	1,146.8
1973 [2]	710.2	720.0	1,430.2
Corn:			
1965-69 [1]	1,707.5	1,318.0	3,025.5
1970	1,838.7	713.1	2,551.8
1971	1,482.4	1,022.7	2,502.1
1972	1,103.8	1,668.6	2,772.4
1973 [2]	2,934.7	1,500.0	4,434.7
Other feedgrains:			
1965-69 [1]	394.5	347.4	741.9
1970	199.1	71.2	280.3
1971	257.3	127.8	385.1
1972	46.6	128.7	175.3
1973	173.2	290.0	463.2
Soybeans:			
1965-69 [1]	545.3	991.4	1,536.7
1970	1,100.7	1,459.7	2,560.4
1971	1,206.6	1,360.0	2,566.6
1972	1,356.5	1,334.2	2,690.7
1973 [2]	1,032.6	1,600.0	2,632.6
Oilseed meals:			
1965-69 [1]	270.2	386.0	656.2
1970	482.6	468.6	951.2
1971	604.4	665.0	1,269.4
1972	518.1	477.7	995.8
1973 [2]	333.5	520.0	853.5
Tobacco:			
1965-69 [1]	14.5	9.8	24.3
1970	16.5	7.0	23.5
1971	14.9	10.7	25.6
1972	15.8	7.6	23.4
1973 [2]	14.7	15.0	29.7
Cotton:			
1965-69 [1]	9.0	21.6	30.6
1970	4.0	14.1	18.5
1971	9.4	14.0	23.4
1972	6.3	11.4	17.7
1973 [2]	11.3	39.1	50.4

[1] Average. [2] Preliminary. Transshipments estimated on basis of January-September 1973 data. Source: Based on official data published by the Netherlands Central Bureau of Statistics.

The outlook for U.S. soybeans in the Dutch market for 1974 appears good. Soybeans now account for more than 55 percent of all U.S. nonvariable levy commodities to the Netherlands and close to 40 percent of the total.

Total U.S. oilseed meal exports to the Netherlands in 1973 amounted to only 854,000 metric tons, down 14 percent, as a result of higher soybean meal prices.

Higher relative prices for other energy substitutes in the Dutch feed sector created a demand for larger tallow imports in 1973, and U.S. trade shared in this growth. U.S. supplies of tallow to the Netherlands increased from 131.3 million pounds in 1972 to 242.9 million pounds, a gain of 85 percent.

THE OUTLOOK however is less favorable for gains of equal magnitude in the immediate future, mainly due to the Netherlands loss of markets for refined products based on tallow and the increasing production of butter substitutes in many countries. Nevertheless, the Dutch feed industry should continue to provide a sizable market for exports of U.S. tallow.

In addition, future U.S. tallow exports to the Netherlands could be hampered by the recent reclassification of industrial tallow by Dutch customs authorities to a new Brussels Tariff Nomenclature (BTN) position that carries a 2.4 percent duty. While this duty temporarily remains at zero, the threat of injury still exists.

In contrast to recent trends, U.S. tobacco exports to the Netherlands were up 27 percent in volume in 1973 from the previous year's level. Much of this outstanding gain was due to transshipments. Smaller crops in other producing areas and consequent relatively higher prices of tobacco from these origins, resulted in a better competitive position for U.S. tobacco in world markets.

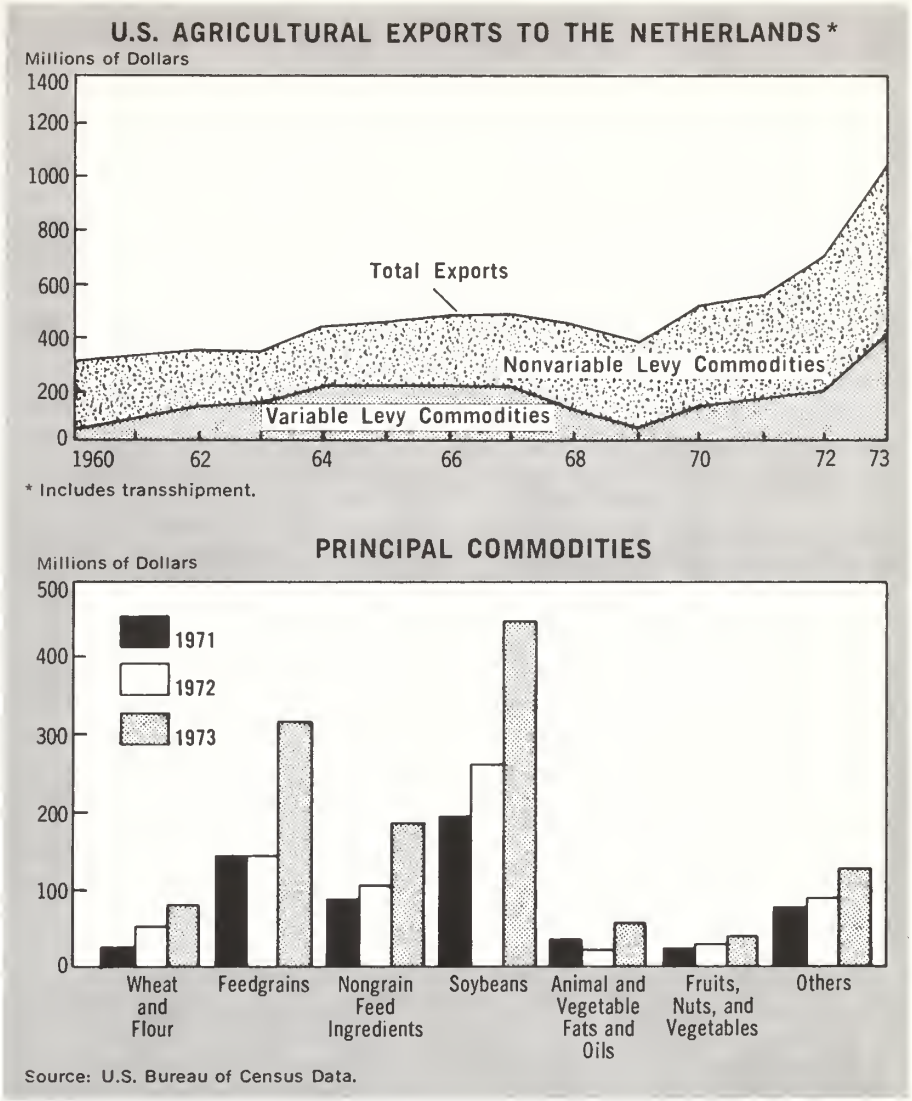
U.S. cotton exports to the Netherlands rose sharply to the level reached in 1971—which was considerably higher than any annual figure since the mid-sixties. Preliminary figures suggest that the volume of imports for local use amounted to 11,300 metric tons, some 80 percent above the previous year's imports; substantially larger gains were reported for transshipments. The tight supply situation for cotton on the world market and the reliability of the United States as a continuous supplier tend to create a favorable outlook for future U.S. cotton sales to the Netherlands at a substantial level.

U.S. exports to the Netherlands of poultry, pork, and lard have been sharply reduced by increased domestic production. Poultry sales are now limited mostly to whole turkeys, turkey parts, and other specialty items. U.S. sales of beef inched up slightly in 1973 from that of a year earlier. However, the general trend for U.S. exports of this item also has been downward since the beginning of the CAP in 1962.

It seems unlikely that U.S. agricultural exports to the Netherlands in 1974 will reach the previous year's high. For the first 3 months of this year, the value of the dollar relative to the guilder has been higher than for most of 1973—tending to reduce the comparative price advantage of U.S. supplies on the Dutch market.

Proposed EC tariff reclassifications—reportedly for technical reasons—for corn gluten feeds and corn oil residues should help to enhance U.S. sales in the Dutch market in the future, but the primary obstacle to the sale of U.S. farm commodities to the Netherlands, as well as to other countries within the European Community, has been the EC's variable levy system.

When world supplies are normal, U.S. commodities must overcome this barrier and competing imports from Member and Associate countries receive preferential treatment. Much of the levy system was made inoperative during 1973 due to the tight supply situation for many agricultural commodities. Once the tight supply situation eases, forces that all but eliminated any growth in U.S. farm exports to the Netherlands during the 1970-72 period could again come into play.



Boom Continues in the Malaysian Palm Oil Industry

By GORDON S. NICKS
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THE WORLD'S largest producer and exporter of palm and palm kernel oils, Malaysia will be greatly reinforcing this position over the next 5 years, as a doubled output seems almost certain.

The expected growth—continuing that of the recent past—reflects heavy oilpalm plantings made since 1965. With these reaching bearing age, production momentum seems almost assured—assuming, of course, that the country can overcome problems of poor plant pollination and the exodus of skilled labor to more lucrative city jobs. Such difficulties held production last year to a slower gain than expected and lowered the rate of export expansion in the first part of 1974; however, recovery seems almost certain later this year.

In the meantime, both private and public sectors of the industry are gearing up to move the increased supply, with modernization taking place at all stages of production and trade.

Palm oil. A product of the oil-palm fruit used in manufacture of margarine, shortening, soap, and other products, this is already second only to rubber as an agricultural export—earning for Malaysia some $180 million in foreign exchange last year.

With oil palm acreage projected to hit 1.8 million acres by 1978, compared with 1.3 million in 1974, production of the oil is seen growing to 1.9 million long tons in 1978 from the 1 million forecast for 1974. This amounts to an average addition of 148,000 acres a year and an average gain in palm oil production of some 220,000 long tons a year.

By 1978, however, expansion in new plantings will probably have slowed—nonbearing area is forecast to decline to an estimated 355,000 acres in 1978 from 519,000 in 1974.

As in the past, the bulk of production will come from Peninsular Malaysia, whose total oil-palm acreage is projected to reach 1.5 million acres by 1978, compared with 1.1 million in 1974; production is projected to reach 1.7 million long tons, compared with 900,000. (By 1978, East Malaysia's area is forecast to rise to 260,000 acres in 1978 from 174,000 in 1974 and its output to 242,000 long tons from 119,000 long tons in 1974.)

Last year, Peninsular Malaysia managed a gain of about 12 percent in both oil production and palm acreage over the 1972 levels—to 727,828 long tons from some 1.03 million acres. This put palm oil production about 67 percent above average annual output of the preceding 5 years, while area was up 49 percent.

Last year's expansion was not up to expectations, however, owing to several factors. One was prolonged seasonal dry weather during 1972-73, following extensive flooding in early 1971. The outcome was inadequate plant pollination—a problem compounded by the poor assisted-pollination technique of an inadequately skilled labor force.

Being a young industry in comparison with the dominant, long-standing rubber industry, oil palm production has not yet acquired a sufficient pool of skilled labor. And that which does exist is being steadily enticed to the cities by higher wage rates. Since palm oil production is labor intensive, these problems could impede expansion, as could continued unfavorable weather.

On the trade side, palm oil has benefited from record prices in recent months, as well as from the steadily expanding export volume. Given the projected production gains—and barring any calamitous price breakdown—this export growth should continue.

During 1973, Peninsular Malaysia exported 712,418 long tons of palm oil, against 612,407 in 1972—an increase of some 16 percent from 1972 and

MALAYSIAN COCONUT PRODUCTION STILL IN DOLDRUMS

As Malaysian palm oil production soars, a close relative—the coconut palm—only registers modest gains, with many trees passing their production peaks. Coconuts have a relatively poor yield per acre, compared with other crops—especially the oil palm—and the Malaysian industry is almost entirely—90 percent—a smallholder industry, much of which is in a state of decline. As a result, there is not likely to be any sharp increase in copra and coconut oil production in the near future.

Currently, Peninsular Malaysia's area under coconuts is estimated at 520,000 acres—a level that has changed little in recent years and is likely to continue static in the future. Much of the coconut—about 40 percent—is consumed fresh, while Peninsular production of coconut oil totaled 95,238 tons in 1973, up 4 percent from both the 1972 level and the most recent 5-year average. Exports of the oil totaled 26,732 long tons in 1973—12 percent above 1972's but 21 percent below the annual average for the previous 5 years. Main destinations are Singapore, Canada, and the United Kingdom.

Practically no copra is exported from the Peninsula—but about 40,000 long tons are exported annually from Sabah, mostly to Singapore.

There has been a Government-assisted revitalization pilot scheme in effect since 1963, which through 1973 had revitalized 74,208 acres of smallholdings; of this 15,850 had been replanted and 58,350 rehabilitated. For 1974, another 10,000 acres of smallholdings are being selected for revitalization, with 2,000 being replanted and the remaining 8,000 rehabilitated.

Even though the revitalization program began in 1963, it has just recently had an impact on production since about 7 years are required for coconut trees to become productive. However, while the project has earmarked some 93,700 acres for improvement, close to 400,000 acres of smallholdings have not been revitalized.

about 69 percent above the annual average for the previous 5 years. Main destinations of the oil shipments are Singapore, the United States, the United Kingdom, the Netherlands, Iraq, and West Germany.

Already, the country dominates world trade in palm oil, accounting for about 60 percent of world exports of the product, with the only major competitors being Indonesia, the Ivory Coast, and Zaire. However, because oils are highly substitutable, palm oil trade also is influenced by what happens in the world market for soybeans and their oil, sunflowerseed oil, fish oil, and the many other oilseeds and oils that today move in international trade.

Palm kernel oil. Produced from the kernel of the oil-palm fruit, this product has experienced growth similar to that for palm oil. In 1973, Peninsular Malaysia was estimated to have produced 152,252 long tons of palm kernels, for a 12-percent increase from the previous year and 62 percent from the annual average output of the previous 5 years. Even this growth, however, was insufficient to satisfy demands of four recently built processing plants, and the country in 1973 imported an additional 17,651 tons of palm kernels from Indonesia.

Assuming a 40-percent recovery rate, output of palm kernel oil reached 68,000 long tons in 1973—up 17 percent from the 1972 estimate. Most of the palm kernel oil is exported—65,417 tons in 1973 against 48,280 the previous year—going largely to the United Kingdom and the United States. Uses for this oil are similar to those for palm oil.

In the recent past, an important factor in Malaysia's palm oils trade has been the Malaysian Palm Oil Producers' Association, but there have been numerous reports that this association will shortly cease operation. Meanwhile, the Malaysian Government is reportedly looking into several alternative courses of action to assist development and consolidation of this diverse industry, which with expansion has reached into hitherto remote areas of the Malaysian countryside.

At the same time, there is a general acceleration of product research and construction of new highways, processing and bulk handling plants, and port facilities to accommodate an industry which by virtue of its vigorous growth has a big stake in Malaysia's economic future.

Argentine Citrus Production Off But Exports Rise Sharply

Excessive spring rains depressed Argentine orange and tangerine production for 1973-74, but exports are moving ahead sharply in response to added Government incentives on shipments and more aggressive marketing efforts. With plantings and output in a long-term uptrend, this trade growth is seen continuing, and exports of fresh citrus could rise by almost 50 percent within the next 5 years.

For concentrated juices—the main citrus product—output is on the rise, climbing an estimated 14 percent in 1973. Trade in juices also advanced in 1973—by 4 percent—as sharp gains in lemon juice offset lower shipments of grapefruit juice, the latter depressed by a buildup of stocks in the European market.

Although no official production figures have been released for 1973-74, the Argentine Fruit Producers Association has estimated total citrus production at 1,325,455 metric tons for an 8-percent drop from 1,443,100 last season—a year when production climbed nearly 11 percent.

Tangarine and orange crops are estimated off 13 and 17 percent to 216,860 and 647,505 tons, respectively, as a result of "runs" in the blossoms caused by spring rains. Both the lemon and grapefruit crops, however, were up 12 percent—to 260,250 and 200,840 tons, respectively.

Argentina has been in the process of expanding citrus area, with annual growth rates averaging about 5 percent in the past 3 years. The greatest increase has been in lemon and grapefruit area, spurred by rising domestic and foreign demand.

Argentine shipments of fresh citrus are forecast by trade sources to soar 32 percent in 1974 to 3.5 million boxes. Last year's exports, at 2,650,711 boxes or 45,062 metric tons, also rose an impressive 26.8 percent. Oranges are the major item, totaling 26,882 tons in calendar 1973, while grapefruits are second at 12,640. Major markets are the Netherlands, France, West Germany, and the United Kingdom.

These overseas sales are being encouraged by a Government action on May 3, 1974, granting a 15-percent rebate on exports of oranges, tangerines, and grapefruits. None was granted for lemons, however, since they are not considered a promotional item. Prior to the measure, all exports of fresh fruits had been granted a 10-percent rebate.

In addition, the Government on the same date began permitting fruit exporters to exchange all receipts at the financial rate of 9.93 pesos per US $1. Previously, only 74 percent of export receipts could be exchanged at the financial rate and the remaining 26 percent at the official rate of 5 pesos to the dollar.

Export marketing efforts also have been stepped up. During the past year, industry representatives visited a number of countries, including East Germany, Italy, Hong Kong, and Japan. In addition, discussions continued with Japan concerning its sanitary regulations, which—if Japan accepts Argentina's proposal for a quarantine-on-trip system—could lead to this becoming an important Argentine market.

Production of concentrated citrus juices moved up 14 percent in 1973 to an estimated 24,000 metric tons. Except for lemon juice, which declined 47 percent, production of all citrus juices gained, with increases ranging from 4 percent for tangerine to 62 percent for orange juice.

Argentine exports of concentrated citrus juices last year totaled 12,545 metric tons—an increase of 4 percent from the previous year. The expansion came as a result of a 320-percent jump in sales of lemon juice—to 3,972 metric tons—which more than offset reduced shipments of all other types. Exports of orange juice dropped 23 percent below 1972's (to 3,931 tons), while those of grapefruit juice fell 16 percent (to 4,507 tons)—with the latter reflecting a buildup in stocks in the important European market.

The Government encourages both domestic consumption and exports of citrus production through a system of rebates and variable sales taxes. Rebates are 25 percent for concentrates, 10 percent for single-strength juices, and none for essential oils or forages. Exporters are allowed the same rate of exchange on their export receipts as that for fresh citrus.

—Based on report from
Office of U.S. Agricultural Attaché
Buenos Aires

Mexican Cigarette Tax Tumbles Output in 1973, But Exports Mount

Mexican cigarette production and domestic sales dropped dramatically in 1973, but total exports of tobacco leaf and manufactured products registered a big 25 percent increase over the previous year's. Largest gains were in light leaf exports, mainly to the United States, Switzerland, and to a lesser degree, Czechoslovakia.

Mexico's leaf output was also up in 1973, but by a lesser percentage.

The 11 percent sag in cigarette output and sales resulted from a sharp tax increase, averaging about 45 percent, which went into effect January 1, 1973. Since Government-controlled factory prices for tobacco products were not jumped at the same time, manufacturers attempted to pass the price boosts on to the consumers, many of whom refused to buy the higher-priced cigarettes.

Virtually all of the 1973 production and sales drop was in filter cigarette brands. These had originally sold for higher prices than nonfilters and were, in general, increased by greater margins. Although some consumers will probably begin to pay the higher prices for filter cigarettes, production and sales in 1974 are expected to recover only about 75 percent of 1973's losses.

Despite the drop in output, total cigarette production in 1973 reached 39,829 million pieces, of which 61 percent were filter and 39 percent nonfilter brands. In 1972, prior to application of the price increase, 66 percent of total cigarette production were filter and 34 percent nonfilter brands. Despite the projected sales comeback, the relationship of filter to nonfilter cigarettes is not expected to change from the 61-39 ratio of 1973.

Total leaf production in 1973 increased by 4.4 percent over 1972's to about 58,250 metric tons. An area 2 percent larger and a moderate improvement in yields caused the rise in output. The outlook for 1974 leaf production is for a 17 percent increase over 1973's to some 68,000 tons, down 5 percent from earlier expectations because of a slight drop in plantings and bad weather.

For 1974, area under tobacco production is forecast at about 97,000 acres. Most or all of the semishade-cured burley and several types of dark tobacco are earmarked for export and flue- and sun-cured burley, Virginia, and oriental tobaccos for the domestic market.

The United States was Mexico's largest single market for light leaf exports in 1973, taking more than 5,000 metric tons—about one-third of Mexico's total exports. West Germany, traditionally the principal market for Mexican light leaf, reduced its purchases moderately in 1973, and took only 3,600 metric tons. In 1972, exports of Mexican light tobacco to the United States amounted to 3,756 tons, those to West Germany were 4,288 tons.

Exports of Mexican dark tobacco types for filler use, cigars, and cigarettes dropped moderately in 1973, while exports of cut tobacco, all to the United States, increased sharply to 205 metric tons, compared with only 27 metric tons in 1972.

Cigarette exports, totaled only 1.2 metric tons in 1973, and the downtrend of past years will likely continue in 1974. The reduction in 1973 cigar exports—from 93.5 tons in 1972 to 50.3 tons in 1973—was due entirely to lower purchases by the United States, which normally accounts for about 90 percent of Mexico's cigar exports.

Switzerland bought 2,248 metric tons of Mexican light tobacco, 900 tons of cigarettes, and 1.2 tons of cigars. Czechoslovakia also bought 447 tons of Mexican light tobacco.

Mexico expects tobacco exports in 1974 to expand by 20 percent to about 22,000 metric tons. The export jump in 1973 caused a 5 percent drawdown in ending tobacco stocks to about 63,000 metric tons, and the expected rise in 1974 exports will mean another slight stock drawdown, despite an expected jump in production.

Mexico's leaf imports were miniscule in 1973, totaling only 5 metric tons. Imports are controlled through a system of import licenses and purchasers are discouraged by the high duties levied. Leaf imports in 1974 will continue the downtrend of the past and are expected to be no more than 2 tons.

—Based on report from
Office of U.S. Agricultural Attaché
Mexico

France Buys Less U.S. Cotton— Imports From USSR and Brazil Up

France's 1973-74 imports of U.S. cotton are expected to drop below those of the previous season, while purchases from the Soviet Union and Brazil are expected to show marked increases. Total French raw cotton imports are estimated at 1.1 million bales (480 lb. net) for the 1973-74 season, down about 72,000 bales from the high level of the previous year. The drop in imports is largely because of short world supplies and higher prices.

Cotton consumption by France's spinning industry will probably show a slight rise in 1973-74, compared with the previous season's level.

Imports of U.S. cotton during the first half of the 1973-74 marketing season were 36,000 bales, compared with 56,000 bales during the same period a year earlier. During the second half of the marketing year, imports of U.S. cotton are expected to be sharply below the high levels of the second half of the 1972-73 season.

For the full marketing year, total imports from the United States are forecast at 92,000 bales, compared with 167,000 bales a year earlier. Some deliveries were delayed early in the season, causing supply problems for French spinners who were forced to replace the shortfall in cotton from other sources.

Cotton imports from the Soviet Union increased sharply during the first 6 months of the 1973-74 season, with shipments totaling 171,000 bales, compared with 86,000 bales during the same period of the 1972-73 season. However, imports during the second half of the current season will not continue to rise at the same rate as during the first half of the year. The dropoff is believed to be tied to failure of French cotton buyers to place orders at the most favorable time during the season.

For the full 1973-74 season, imports from the USSR may reach 275,000 bales, 20 percent more than the previous year's, making the Soviet Union the largest supplier of France's cotton imports in 1973–74.

French buyers believe the Soviet Union is becoming more dependable as

Continued on page 16

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	June 25	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	5.63	+31	(1)
USSR SKS-14	(1)	(1)	(1)
Australian FAQ[2]	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	5.66	+33	3.59
15 percent	(1)	(1)	3.70
U.S. No. 2 Hard Winter:			
13.5 percent	5.21	+45	3.57
No. 3 Hard Amber Durum	7.23	+2	3.95
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.41	−1	3.11
Argentine Plate corn	3.67	+1	3.38
U.S. No. 2 sorghum	2.91	+2	2.91
Argentine-Granifero sorghum	2.93	+1	2.93
U.S. No. 3 Feed barley	2.91	+6	2.50
Soybeans:			
U.S. No. 2 Yellow	6.45	+22	7.95
EC import levies:			
Wheat[3] [4]	0	0	1.01
Corn[5] [4]	.06	−2	.32
Sorghum[5] [4]	.55	−2	.54

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] Durum has a separate levy. [4] Levies applying in original six EC member countries. Levies in UK, Denmark and Ireland are adjusted according to transitional arrangements. [5] Italian levies are 19 cents a bushel lower than those of other EC countries. Note: Price basis 30- to 60-day delivery.

Argentine Sorghum Crop Damaged by Wet Weather

About 30 percent of the Argentine grain sorghum crop was still in the field at mid-June and is reportedly being damaged by wet weather. Grain already harvested is also suffering weather damage through a lack of storage facilities, which reportedly has forced open-air storage of a large portion of the crop.

The earlier production estimate of 6.7 million metric tons has now been revised to 5.8 million tons, while the export estimate for the 1974-75 marketing year (April-March) has been adjusted downward by 700,000 tons to 2.9 million tons. Consumption for the year is expected to be at a record high, as much of the damaged grain will be fed or grazed rather than harvested.

Canadian Wheat Board Reduces Final Payment

The Canadian Wheat Board has reduced its estimate of the total realized price (basis Thunder Bay or Vancouver) that Canadian farmers will receive for their 1973 wheat crop. The new final payment estimates for Nos. 1 and 2 Canadian Western Red Spring (CWRS) are down 32 cents from the Board's April 1 estimate, while the final payment for No. 3 CWRS is down 55 cents from the earlier estimate. This is the second time the Board has reduced the estimate for wheat since the payments were first announced on September 26, 1974. At that time the total realized price for No. 1 CWRS was estimated at $4.92 per bushel. This figure now stands at $4.47.

Meanwhile, estimates of barley and oats payments have been increasing. Total return to the farmer for No. 2 Canadian Western 6-rowed barley is now estimated at $3.01 per bushel—up 15 cents from the September estimate. The estimated payment for No. 2 Canadian Western oats is currently set at $1.61—up 30 cents from the earlier figure.

The Wheat Board blames the lower wheat payments on increased interest rates that the Board must pay on borrowings—plus recent reductions in the wheat export price.

FATS, OILS, AND OILSEEDS

Spain Regulates Olive Oil Sales

On May 18 the Government of Spain decreed that, as of May 21, olive oil in bulk inventories, whether at mills, refineries, packing plants, warehouses, or retail outlets, was to be placed at the disposal of the General Supply Commission (CAT). Two-thirds of inventory stocks will be purchased by CAT in order to ensure adequate domestic olive oil supplies through the end of January 1975. Domestic requirements through that date were estimated at 200,000 metric tons.

Spain's efforts in recent months to stabilize prices for edible oil have benefited domestic soybean oil sales. Trade sources report unprecedented soybean oil sales running at an annual rate of 300,000 tons.

Netherlands Fats and Oil Prices Rise in 1973

Calendar 1973 brought sharp price increases in the Netherlands for most oil-bearing seeds, as well as for all fats and oils and oilseed meals. But the price increases varied among the major fats and oils. For example, prices for copra and coconut oil, palm kernels and oil, and flaxseed and linseed oil advanced well above those of other major fats and oils; and consequently Dutch consumption of these fell mainly in favor of relatively cheap soybean, rapeseed, and sunflower seed oils. Another consequence of high price levels in 1973 was that the Dutch oil industry drew heavily on stocks which

had been built up in 1972 when prices were relatively low. Heavy stock withdrawals together with lower exports enabled the Dutch industry to cut imports by close to 8 percent.

Since the United States is by far the largest supplier of oilbearing seeds and fats and oils to the Netherlands, Dutch imports from the United States in 1973 dropped about 12 percent from those of a year earlier. An important factor in the 11.5 percent reduction in Dutch soybean imports from the United States were U.S. export controls around mid-1973. A continuation of the 1973 trend is expected in 1974, with reduced imports and usage of copra and coconut oil, palm kernel oil, flaxseed and linseed oil, and animal fats, mainly in favor of soybeans and soybean oil, rapeseed and rapeseed oil, palm oil, and sunflower oil.

High prices for oilseed meals and animal fats in 1973 versus comparatively stable prices for feedgrains resulted in a drop of 6 percent in the usage of meal in animal feeds, which in turn resulted in 13-percent lower imports. Soybean meal suffered the least. Lower oilseed meal usage is expected to extend into the first half of 1974.

FRUIT, NUTS, AND VEGETABLES

Japan Sets Special Orange Juice Quota

In Japanese fiscal 1973-74 (April-March), the Japanese Government for the first time allocated a special quota permitting the importation of 350 metric tons of frozen concentrated orange juice for blending with mikan juice. Of the total, 200 tons came from Florida and the remaining 150 tons from California.

Reportedly, Kyodo Kaju Co., Ltd., the firm for which the special quota allocation was made has chosen a site for its new blending plant—about 60 miles northeast of Tokyo.

In addition to the special quota for blending, a regular quota of 650 metric tons was established in 1973-74.

Japan Sets Import Quota For Oranges and Tangerines

On June 12 the Government of Japan officially announced an import quota of 11,500 metric tons of fresh oranges and tangerines for the first half of the 1974 Japanese fiscal year (April-September). This amount is identical to the allocation for the same period in 1973. Historically, the quota has been expanded each year. However, this year, in view of an anticipated bumper crop of domestic Satsuma (Mikan) oranges, the Government decided not to increase the quota. During the past season, U.S. exports of these two fruits to Japan were valued at US$3.6 million.

DAIRY AND POULTRY

Dutch Poultry Glut Eases, Denmark Reports Losses

Last month's broiler glut in the European Community seems somewhat relieved—at least in the Netherlands. At 55.6 cents per pound, the top June 11 broiler quotation (ready-to-cook) is only fractionally higher than that for May 21, but it is 10 percent higher than late April's level. Although price resistance is reported among normal outlets, storage stocks have been reduced by export sales.

Other countries apparently are not duplicating the current Dutch successes, so Dutch industry leaders are trying hard to convince their partners (in other countries) that it is not important who actually sold (stocks), but that everybody benefits from the improved market conditions. Therefore, the pressure to adhere to the output-reduction pact among EC producers is weakening, and the chairman of the Dutch Product Board has stated that restrictions will not be retained any longer than necessary.

Meanwhile a Danish report comparing farmers' broilers prices with direct production costs (excluding overhead) claims out-of-pocket losses of 2 cents per broiler slaughtered in March 1974, and only break-even returns in April and May. Overhead costs and labor amount to 10 percent of total costs.

West German Turkey Imports Slump

West German turkey imports from United States and Netherlands this year are down substantially. In 1973 these two countries supplied 71 percent of West Germany's total turkey imports.

Total Dutch exports, during January-April 1974, destined mainly to West Germany, were 75 percent below those of a year earlier. U.S. turkey meat exports to West Germany, its largest export market, fell sharply in April to only 444,000 pounds. This amounts to only 44 percent of the previous year's exports for that month and 22 percent of average monthly shipments during 1973.

Increased variable levies and large European Community poultry stocks contributed to this sharp decline. As a result, total U.S. turkey meat exports to all destinations in April fell to 2.2 million pounds—less than half of total turkey meat exports in March. The U.S. turkey industry currently is overstocked and in need of export outlets.

COTTON

Mexico Sells Cotton to Cuba

Mexico has reported a sale of cotton to Cuba, valued at about $960,000. The volume of this sale was estimated at about 3,200 bales, based on price quotations of $299 per bale.

The last Mexican sale of cotton to Cuba was in 1963, for 18,000 bales. The Soviet Union has dominated the market for Cuba's cotton imports since the early 1960's.

SUGAR AND TROPICAL PRODUCTS

U.S. Mint Oil Exports Increase in 1973

Peppermint oil exports in 1973 totaled 2.4 million pounds valued at $15.1 million, compared with 2.2 million pounds and $11.4 million in 1972. About half of total exports went to European destinations. Largest importers were the United Kingdom, $3.5 million, and France $2 million. Major buyers in other areas include Japan, $3.4 million; Canada, $738,400;

South Africa, $673,600; and Australia, $470,900.

Exports of spearmint oils in 1973 totaled 1.1 million pounds valued at $6.6 million, compared with 842,100 pounds valued at $4.7 million in 1972. Leading destinations, by value, in 1973 were Japan, $1.9 million; United Kingdom, $1 million; France, $880,400; West Germany, $346,700; Brazil, $323,300; and Canada, $301,100.

Peppermint and spearmint oils are used as flavoring ingredients, mainly in chewing gum, toothpaste, mouthwash, and confectioneries, and are two of the more important essential oils exported by the United States.

Indonesian Pepper Exports Up

Indonesian exports of black and white pepper in 1973 totaled 25,499 metric tons valued at US$28.6 million, up 12 percent over 1972 shipments of 22,756 tons valued at US$19.1 million. Major recipients of 1973 exports in tons were the United States, 14,634; the Netherlands, 3,738; West Germany, 3,096; Singapore, 2,432.

Indonesia is the largest supplier of pepper to the United States, accounting for well over one-half of U.S. pepper imports in 1973 of 25,084 tons at US$26.2 million.

TOBACCO

U.S. Share of U.K. Leaf Imports Continues To Decline

The United Kingdom imported 328.1 million pounds of leaf tobacco in 1973. This was 10 percent above 1972 imports and the largest volume since 1968. Imports of U.S. leaf were up only 5 percent at 126.8 million pounds, and caused the U.S. market share to slip from 40 percent in 1972 to 39 percent in 1973.

Increased imports eased the downward pressures on leaf stocks, which fell only 2 percent, compared with a 3 percent decline in 1972 and 7 percent in both 1971 and 1970.

The average value of U.K. leaf imports from all destinations in 1973 increased 14 percent compared with those of a year earlier. U.S. leaf, at US$1.30 per pound, the most expensive leaf imported—registered a price increase 1 percent less than the average increase. The price of imports from Canada, South Africa, India, and Brazil increased 20, 48, 18, and 14 percent, respectively.

Even though the average value of all U.S. unmanufactured tobacco imported was US$1.30, 65 percent of the U.S. leaf that entered during 1973 was valued at or over the 280 units of account per 100 kilogram wrapper tariff break point.

Australian Leaf Imports, Stocks Down in 1973

Australia imported 23.4 million pounds of leaf tobacco during 1973. This was down 15 percent from the 27.5 million pounds imported in 1972. The U.S. share remained about the same at 62 percent.

Average value of leaf imports in 1973 was A$1.52 per kilogram, well below the average minimum return of A$2.884 received by domestic producers. Even after paying a duty of A$1.1775 per kilogram, the total cost of imported leaf is less than the cost of domestic leaf. Australia's 55-percent mixing requirement assures utilization of the entire domestic quota, even at the high support prices.

The price of U.S. leaf imports in 1973 was A$1.87 per kilogram, down 7 percent from A$2.01 per kilogram in 1972. The reduced import price was due to the 24 percent appreciation of the Australian dollar against the U.S. dollar.

Stocks of imported leaf fell 16 percent during 1973. This decrease was primarily due to high overseas prices and difficult shipping conditions during the last half of 1973. Stocks of import leaf are expected to be rebuilt during the last half of 1974. This anticipated stocks building and appreciation of the Australian dollar make the outlook favorable for U.S. tobacco shipments to Australia in 1974. Imports of U.S. tobacco, mostly flue-cured, are expected to total 17.6 million pounds, up 23 percent for the year.

GENERAL

India's Delayed Monsoon Puts Rainfall Below Normal

Rainfall related to monsoon activity in India was scattered and more than 35 percent below normal during the first 3 weeks of June.

Even during the past week progress of India's southwest monsoon continues to be slow and weak. After a good initial start, its performance up to June 21 has been below average, both in coverage of area and intensity of precipitation.

In southern India, monsoon activity spread over most of Karnataka and all of Andhra Pradesh during the week previous to June 19, but it remained weak over the rest of the southern peninsula. Except for the southeastern parts of Mahrashtra and eastern Madhya Pradesh, the monsoon had not reached most other parts of central and western India by that date.

Monsoon activity in northeastern India continued to be generally weak during the week previous to June 19, although it is reported to have spread over most of west Bengal and advanced over several areas of Bihar and Orissa during the latter part of that period.

A delay of about 2-3 weeks in the arrival or revival of monsoon activity is generally considered to be within the bounds of normal variation. For example, the monsoon of the summer of 1970 was delayed, but it still proved to be adequate in the end to produce a good rice crop.

Other Foreign Agriculture Publications

- Canned Fruit Prices in the Netherlands, West Germany, and the United Kingdom (FCAN 3-74)
- U.S. Exports of Soybeans and Meal Increase Moderately; Vegetable Oil Exports Down Sharply (FFO 6-74)
- April Exports of Raw Cotton Push Cumulative 1973-74 Total Over 4 Million Bales (FC 13-74)
- World Grain Situation: Review and Outlook (FG 16-74)

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FOREIGN AGRICULTURE

French Cotton Imports

Continued from page 12

a supplier because it has made scheduled deliveries when other suppliers had stopped or delayed them. Additionally, cotton delivered by the Soviet Union increasingly has corresponded more closely to the quality ordered.

Imports of Turkish cotton are expected to drop from 110,000 bales in the previous cotton marketing year to 70,000 bales in 1973-74. Only 24,000 bales were imported by France during the first half of the season, compared with 58,000 bales during the same period a year earlier. The drop was largely because Turkey has failed to deliver cotton to France at agreed prices. Turkey is developing its own processing industry and has less cotton available.

Total imports from Brazil are expected to increase from 41,000 bales in 1972-73 to 70,000 bales this season, largely because some cotton ordered in 1972-73 was not delivered until 1973-74. During the first half of the current season, imports from Brazil totaled 42,000 bales, compared with 30,000 bales during same period a year earlier.

The French Franc Zone is expected to decrease its cotton shipments to France to 275,000 bales in 1973-74, down from 299,000 bales a season earlier. France's imports from the Zone were 155,000 bales in the first 6 months of the marketing year, compared with 244,000 bales during the first 5 months of the previous marketing season.

France is still a regular customer for African cotton, but deliveries are dropping because of the drought there. Further, Franc Zone countries are seeking to diversify their export markets and at the same time develop their own spinning industry.

Imports from Iran are expected to exceed 43.000 bales in 1973-74. For the first half of the current season, imports from Iran were 24,000 bales, compared with 18,000 bales during the first half of the previous marketing year.

Consumption of cotton by France's spinning industry failed to expand during the first half of the 1973-74 season, mainly because of uncertainty caused by the unstable world cotton market. In fact, mill activity fell off during the first half of the marketing year.

For the second half of the 1973-74 marketing year, activity in the spinning industry is expected to improve and total cotton use for the full season is expected to be around 1.1 million bales, only marginally above last season's level. The expected improvement reflects the larger volume of thread ordered by mills through July 1974; after that date a more pessimistic picture is forecast by some industry specialists. The French spinning industry is expected to work at full capacity at least until that month because clothing sales were at a high level. Consumers apparently were stocking up in anticipation of price jumps later in the year.

Production of artificial fibers leveled off during the first half of the marketing year and consumption stood at the same level as last year.

The oil situation is of concern to the petroleum-based synthetic fiber industry, although recent data show synthetic fiber output actually increased by 34 percent from August-November of the 1973-74 marketing year, compared with those months a year earlier.

The effects of the oil shortage will be felt more acutely during the second half of the year, when reduced deliveries of synthetics to the spinning mills may go as high as 15 percent. However, according to industry sources, shortage problems in the synthetic fiber industry will be solved this year—by July for polyester and by the end of 1974 for acrylic fibers.

The increased use of snythetics in the first half of the season will boost total 1973-74 consumption higher than that achieved the previous year. For 1974, consumption of synthetic fibers should again show some improvement due both to continued cost advantage and ease of use by the textile industry.

—Based on report from
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